# THE U.S. RESORT LODGING INDUSTRY 1989

Laventhol & Horwath
Leisure Time Industries Department

# THE U.S. RESORT LODGING INDUSTRY

*7th Annual Report*
*1989 Edition*


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$65 per copy

# THE U.S. RESORT LODGING INDUSTRY 1988

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The U.S. resort industry's performance in 1988 is a study in contradictions.

Overall occupancy declined approximately four points, average daily room rates declined 3 percent, profitability spiraled down.

However, the hotel development market hasn't softened. In fact, there has been an influx of large, chain-operated facilities—a trend that's expected to continue for the next three years.

What's causing this phenomenon? The emergence of the resort mixed use development (RMXD) or fantasy resort. A late-1980s concept, the RMXD is a massive project that incorporates resort properties, residential development, recreational amenities, supporting retail and other commercial uses.

The Waikoloa Beach Resort is one such property and is the most publicized resort of 1988. As the largest master-planned resort community under construction in Hawaii, this 30,700-acre property is zoned for recreational, residential and commercial

*The Waikoloa Beach Resort is the most publicized resort of 1988. At the lower left side is a portion of the Hyatt Regency Waikoloa's four-acre, manmade lagoon. At the center is the one-acre, free-form swimming pool, and at the upper right corner is part of the 1,244-room hotel. Also included on the property are the 543-room Royal Waikoloa hotel, 120 condominiums, two 18-hole golf courses and 8,400 acres of ranch land.*

uses. Though still mostly undeveloped, the Waikoloa Beach Resort has two distinct areas. Waikoloa Village containing townhouses, condominiums, single-family homes and commercial and retail developments, and the Waikoloa Beach Resort, a six-mile stretch of beachfront land zoned for hotels and resorts. Nearly one-third of the property or 10,000 acres have been designated open space and will be kept in their natural state. Other components include the 1,244-room Hyatt Regency Waikoloa, the 545-room Royal Waikoloa hotel, 120 condominiums, two 18-hole golf courses and 8,400 acres of ranch land.

## Spurring development

Spurring this property and other mega resorts is foreign investment, especially from the Japanese who are drawn to big-budget projects like fantasy resorts. In general, the Japanese have become interested in U.S. hotel and resort investment, since they spent $4.57 billion on these properties in 1987 alone. A worldwide trend toward consolidation and acquisition within the hotel industry will also fuel mega resorts, since it will provide the power, expertise and money necessary for future fantasy projects.

Another factor affecting these resorts is the potential for developers to capitalize on appreciating land values. While developers of mega resorts have profit as their long-term goal, they initially attempt to create interest in and demand for the area. Once that demand is created, property values soar. By gleaning value from the land surrounding the hotel, developers can bank on the overall project to produce adequate returns. Therefore, they are getting value out of all the land they're developing, and not just the hotel.

The lending community, likewise, finds mega resorts attractive because they are massive and diverse; thus, their investment risk is spread.

Since the cost of building such properties is staggering, one developer or a single development entity can't afford it. The Hyatt Regency Waikoloa, for example, was developed by Transcontinental, the Pritzker family of Chicago, KGS Waikoloa Investment Company; and the Hemmeter Investment Company of Honolulu. In fact, the resort deals that Hyatt and other large hotel companies are putting together today require teams of five and six developers and financiers from around the world.

Such staggering costs also limit the properties to year-round destinations; good weather, therefore, is essential. Thus, Southern California and Hawaii are target locations.

### Mixed use beginnings

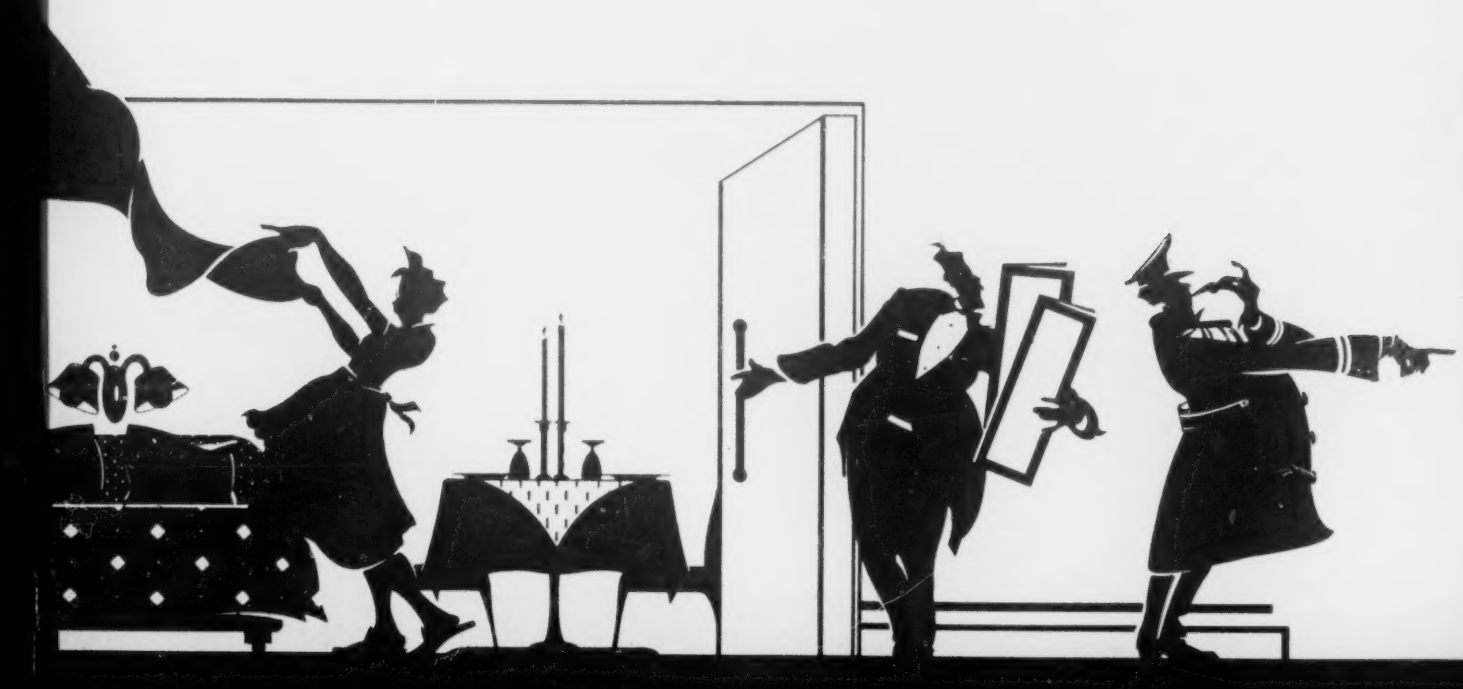
The concept of a mixed use development isn't new. Begun in the early 1970s, mixed use buildings incorporate hotels, retail and office space. Two prime examples are the Embarcadero Center in San Francisco and the Illinois Center in Chicago.

Mixed use developments operate on the following premise: high quality office tenants, the driving force in these projects, provide the base of demand for the hotel, whose guests, in turn, help generate demand for the retail component. Over the years, some properties, like the Water Tower Place in Chicago, added a residential component.

The RMXD creates a new chapter in mixed used developments, operating on the following premise: the hotel exposes the area, serving as a catalyst for the absorption of residential housing, which is the driving force in this project. The housing, in turn, creates demand for the recreational component which generates demand for the hotel's food and beverage operations. As this process continues, demand is created for the retail component.

As the RMXD evolves, developers will probably refine each component in an effort to target individual markets. For example, instead of building a 1,000-room hotel, a developer might build two or three smaller properties, which may focus on a particular theme, like golf or tennis.

*Since the cost of building resort mixed use developments is staggering, one developer or a single development entity can't afford it.*



# DATA ANALYSIS

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The fifth edition of Laventhol & Horwath's *U.S. Resort Lodging Industry* was compiled from general and financial information provided by 129 resort operators nationwide. Resort properties account for over 16 percent of the entire lodging industry, and this year's sample reported over $1.5 billion in revenues. This study provides a statistical analysis of the resort industry's operating characteristics for the preceding year and may be used to analyze trends in revenues and expenses over consecutive time periods. The ratios and amounts reported are useful for comparing operating results for properties with similar characteristics. The figures in this study should be used as statistical bases for comparative purposes only. They are not an attempt by L&H to set or conform prices or operating ratios.

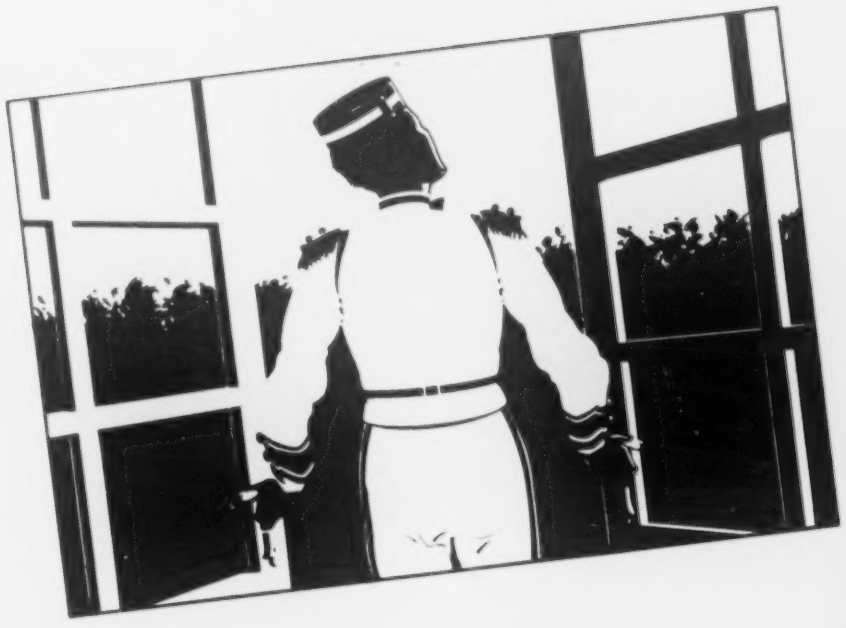
This year, the resort questionnaire was combined with the U.S. lodging industry questionnaire and sent out with a modified version of the resort lodging insert. The insert contained information about the resort industry, particularly the financial performance of minor operated departments. In many instances, respondents indicated that these figures were either not applicable or were not able to be broken down any further. However, enough figures were provided for the golf course/pro shop and tennis club/pro shop; a separate exhibit (pg. 25) detailing revenues and expenses, including payroll and cost of sales,is included. Health club facilities and swimming pools were also popular with resort properties, but these departments did not generate enough revenue to warrant detailed breakdowns.

Breakdowns used in this year's study are size, occupancy, average room rate and affiliation. Size, defined as the number of rooms in the property, was broken down as follows: 43 percent had less than 150 rooms, 22.3 percent had between 150 and 299 rooms, and 34.7 percent had 300 rooms or more. Consistent with last year's sample, the highest percentage (or 45.5 percent) of responses fell into the category of $75 and under. Average rates of $75–$99.99 were reported by 21.5 percent, while 13.2 percent had rates between $100–$124.99; 19.8 percent reported an average room rate of over $125.

Breaking the sample down by affiliation shows 30.2 percent of the properties as having chain affiliation and 69.8 percent as being independents. Properties were classified as either area resorts or recreation-based, as determined by the recreational amenities provided on site; 45.1 percent of the properties were classified as area resorts and 54.9 percent as recreation-based. The sample used to compile data for the 1989 study consisted of more small properties having less food and beverage operations. Therefore, the overall figures were lower than last year's.

The resort lodging market for 1988 received almost 63 percent of its room night demand from leisure travelers, a 7.2 percent increase compared with 1987. Business/government travelers as well as conference participants decreased to 7.2 percent and 27 percent respectively. The comparable 1987 figures are 8.9 percent for business/government and 29.4 percent for conference participants. The percentage of repeat business was down slightly to 40.2 percent from 41.0 percent in 1987. However, the percentage of guests with advanced reservations increased by almost 5.5 percent to 86.7 percent compared with 82.2 percent in 1987.

Operators of resorts allocate much more of their income to make sure their guests receive the best treatment possible. Therefore, they have to employ a larger staff to accommodate these needs. Resort hotels have an av-



erage of 160.5 employees compared with traditional hotels which employ 68 people on the average. The bulk of the staff, 76.5 employees, are found in the food and beverage department. Housekeeping and maintenance departments account for 27.5 and 12 employees respectively. Room sales per employee were considerably higher in resort hotels than standard hotels with revenues of $87,127 vs. $60,800. However, total sales per employee were lower, $41,662 vs. $50,306, due to the high number of employees in many of the minor operated departments.

*The resort lodging market for 1988 received almost 63 percent of its room night demand from leisure travelers, a 7.3 percent increase compared with 1987.*

This year's occupancy analysis was broken down by size, occupancy and average room rate. The occupancy breakdown shows the distribution of responses for varying occupancy levels and the medians for each of these subgroups. The median occupancy rate for all resorts was 58.8 percent, a decrease of 7.4 percent from 1987. Occupancy was highest for those resorts with 300 rooms and over and for those with an average room rate in the range of $100 to $124.99. In both cases, the median occupancy rates were higher than the median for all resorts. The average room rate for all properties was $80.62, down 2.8 percent from 1987. Resorts with over 300 rooms had the highest room rates.

## Operating results

Exhibits 8 through 14 provide important information about revenue, expenses and income by breaking down the operating departments. The highest net revenue per room came from properties with 300 rooms and over. Payroll and related expenses were also the highest in this size category.

Food and beverage operations are the next operating department analyzed. Increasingly, this department has become more important as the resort industry expands and continues to market itself to the group and incentive segments. Total food and beverage revenues for the resort industry were $11,643, a slight decline from the $12,227 recorded in 1987. However, food and beverage continues to be one of the critical factors guests consider when they select a resort location. In terms of food and beverage departmental expenses, 40.0 percent was allocated for payroll and related expenses.

Resort properties need to provide their guests with more amenities than standard hotels. Among these added features are golf courses and tennis courts (which are located either on site or nearby) for 94.8 percent of the hotels surveyed. Outdoor pools were reported in 88.5 percent of resort properties, 69 percent had health spas and 46.5 percent were located on or had access to an ocean/beach. Barber/beauty shops were located in 32.8 percent of the resorts surveyed, and executive floors for the business traveler were found in 16.4 percent of the resorts. As for in-room entertainment, 78.1 percent had local cable, 56.1 percent had national cable and 40.4 percent had HBO for their guests. Since resorts must be sensitive to the needs of family travelers, many have developed services for childcare.

The future of the resort industry should experience increased growth in the conference sector of the market mix. Overall rates should remain level, with payroll expenses and fixed charges increasing steadily. More people are traveling to resorts because of increased frequent traveler awards, and more resorts are trying to appeal to the business sector.

## Exhibit 1

*1989 Profile of Participating Resort Properties*

| | |
|---|---|
| **Size** | |
| Under 150 Rooms | 43.0% |
| 150-299 Rooms | 22.3 |
| 300 Rooms and Over | 34.7 |
| **Occupancy** | |
| Under 50 Percent | 29.8% |
| 50-59 Percent | 21.5 |
| 60-69 Percent | 19.8 |
| 70 Percent and Over | 28.9 |
| **Rate** | |
| Under $75.00 | 45.5% |
| $75.00-$99.99 | 21.5 |
| $100.00-$124.99 | 13.2 |
| $125.00 and Over | 19.8 |
| **Affiliation** | |
| Chain-Affiliated | 30.2% |
| Independent | 69.8 |
| **Type of Resort** | |
| Area Resort | 45.1% |
| Recreation Resort | 54.9 |
| **Location Attributes** | |
| Coastal | 34.0% |
| Inland | 24.5 |
| Mountains / Skiing | 24.5 |
| Desert | 9.4 |
| National / State Park | 5.7 |
| Theme Parks (i.e. Opryland, Disneyland) | 1.9 |
| Gambling | 0.0 |

## Exhibit 2

*Highlights**

| | |
|---|---|
| Room Occupancy | 58.8% |
| Average Daily Rate Per Occupied Room | $ 80.62 |
| Room Sales Per Available Room | $17,483 |
| Food Sales Per Available Room | $ 8,740 |
| Food and Beverage Sales Per Available Room | $11,643 |
| Minor-Operated Department Revenue | $ 1,352 |

*Based on medians.

## Exhibit 3

*Market Data**

| | All Establishments | Size: Under 150 Rooms | Size: 150-299 Rooms | Size: 300 Rooms and Over |
|---|---|---|---|---|
| **Source of Business** | | | | |
| Foreign | 10.0% | 9.8% | 7.5% | 11.2% |
| Domestic | 90.0 | 90.2 | 92.5 | 88.8 |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Percentage of Repeat Business | 40.2 | 48.6 | 40.5 | 29.4 |
| **Composition of Market** | | | | |
| Leisure | 62.9% | 77.1% | 54.8% | 48.1% |
| Business / Government | 7.2 | 7.5 | 7.0 | 7.6 |
| Conference Participants | 27.0 | 14.1 | 36.8 | 39.0 |
| Other | 2.9 | 1.3 | 1.4 | 5.3 |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| Percentage of Guests with Advanced Reservations | 86.7% | 80.5% | 88.1% | 94.3% |
| **Advanced Reservation Mix** | | | | |
| Direct Inquiry | 52.1% | 62.0% | 49.6% | 37.9% |
| Own Reservation System | 15.3 | 13.3 | 21.0 | 14.3 |
| Independent Reservation System | 2.2 | 0.9 | 0.7 | 6.2 |
| Travel Agents | 14.1 | 11.7 | 14.5 | 17.3 |
| Tour Operators | 6.3 | 3.1 | 5.6 | 9.5 |
| Hotel Representatives | 9.7 | 8.7 | 8.4 | 14.6 |
| Transportation Company | 0.3 | 0.3 | 0.2 | 0.2 |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*All amounts are means.

## Exhibit 4

*Distribution of Sales**

| | All Establishments | Size | | |
|---|---|---|---|---|
| | | Under 150 Rooms | 150–299 Rooms | 300 Rooms and Over |
| **Sales Distribution** | | | | |
| Cash Sales | 37.7% | 43.0% | 42.5% | 25.5% |
| Credit Card Sales | 48.1 | 49.6 | 41.4 | 51.5 |
| All Other Credit Sales | 14.2 | 7.4 | 16.1 | 23.0 |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |
| **Percentage of Cash Sales from Travel Agents and Tour Operators** | **14.1%** | **13.1%** | **9.7%** | **19.6%** |
| **Percentage of Credit Card Sales by Card** | | | | |
| American Express | 37.5% | 28.4% | 38.5% | 49.8% |
| Visa | 29.9 | 33.9 | 31.7 | 22.5 |
| Master Card | 24.6 | 29.8 | 20.8 | 20.0 |
| Diners Club | 4.1 | 3.8 | 4.4 | 4.5 |
| Carte Blanche | 1.1 | 1.0 | 1.3 | 1.2 |
| Discover | 2.4 | 2.9 | 3.1 | 0.9 |
| Other | 0.4 | 0.2 | 0.2 | 1.1 |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*All amounts are means.

## Exhibit 5

*Occupancy, Guests Per Room and Average Daily Rate**

| | Occupancy | Number of Guests Per Occupied Room | Average Room Rate |
|---|---|---|---|
| **All Establishments** | **58.8%** | **1.5** | **$80.62** |
| **Size** | | | |
| Under 150 Rooms | 59.2% | 1.5 | $67.90 |
| 150-299 Rooms | 55.9 | 1.4 | 89.80 |
| 300 Rooms and Over | 64.0 | 1.5 | 92.74 |
| **Occupancy** | | | |
| Under 50 Percent | 43.3% | 1.8 | $70.09 |
| 50-59 Percent | 54.3 | 1.5 | 90.81 |
| 60-69 Percent | 65.7 | 1.3 | 96.26 |
| 70 Percent and Over | 76.5 | 1.5 | 79.78 |
| **Average Room Rate** | | | |
| Under $75.00 | 52.3% | 1.5 | $54.64 |
| $75.00-$99.99 | 64.9 | 1.6 | 90.38 |
| $100.00-$124.99 | 66.4 | 1.5 | 111.40 |
| $125.00 and Over | 59.5 | 1.3 | 150.70 |

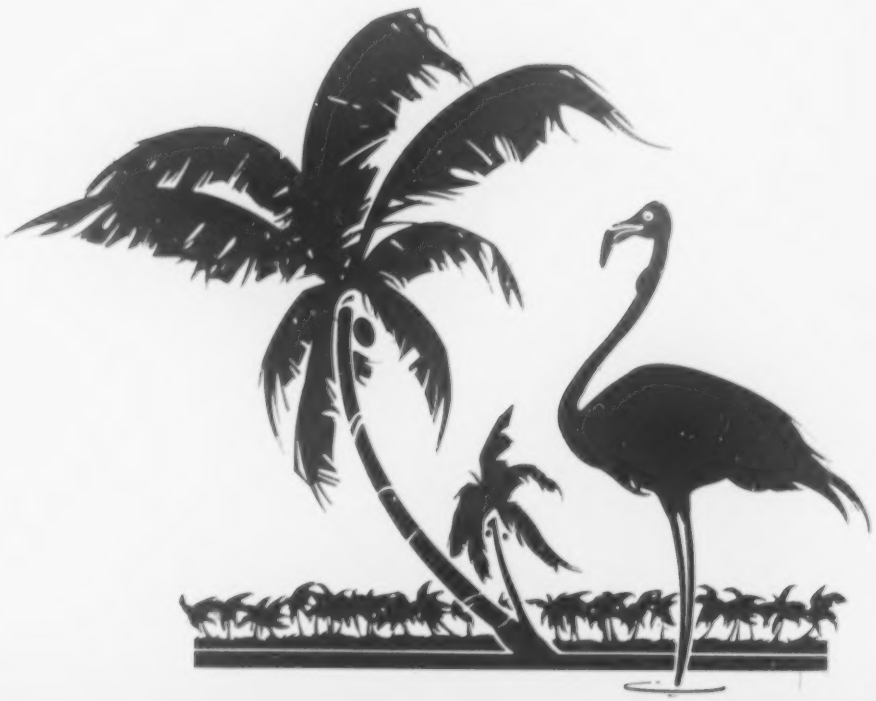
*All amounts are medians.

## Exhibit 6

*Sales Per Guest Day**

| | |
|---|---|
| Rooms | $ 52.13 |
| Food and Beverage | 34.30 |
| Telephone | 1.55 |
| Minor Departments | 4.93 |
| Rentals and Other Income | 3.01 |
| **Total** | **$102.41** |

*All amounts are medians and do not necessarily add to totals shown.



## Exhibit 7

*Rooms Department*
*Median Amounts Per Room**

| | All Establishments | Size: Under 150 Rooms | Size: 150–299 Rooms | Size: 300 Rooms and Over |
|---|---|---|---|---|
| **Revenue** | | | | |
| Room Sales | $17,317 | $13,208 | $17,650 | $22,066 |
| Allowance | 200 | 264 | 166 | 189 |
| Net Revenue | $17,472 | $13,218 | $17,483 | $22,197 |
| **Expenses** | | | | |
| Payroll and Related | $ 3,153 | $ 2,290 | $ 3,095 | $ 3,787 |
| Travel Agent Commissions and Reservation Expenses | 346 | 203 | 223 | 578 |
| Contract Cleaning, Dry Cleaning | 461 | 430 | 403 | 543 |
| Operating Supplies | 365 | 397 | 346 | 410 |
| All Other Expenses | 326 | 211 | 337 | 538 |
| **Total Departmental Expenses** | **$ 5,303** | **$ 3,383** | **$ 4,754** | **$ 6,772** |
| **Net Departmental Income** | **$13,016** | **$11,023** | **$12,796** | **$15,920** |

*All amounts are medians and do not necessarily add to totals shown.

## Exhibit 8

*Rooms Department*
*Median Ratio to Room Sales**

| | All Establishments | Size: Under 150 Rooms | Size: 150–299 Rooms | Size: 300 Rooms and Over |
|---|---|---|---|---|
| **Revenue** | | | | |
| Room Sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Allowances | 1.0 | 1.9 | 1.0 | 0.9 |
| Net Revenue | 100.0% | 100.0% | 100.0% | 100.0% |
| **Expenses** | | | | |
| Payroll and Related | 16.4% | 15.9% | 16.9% | 16.5% |
| Travel Agent Commissions and Reservation Expenses | 1.9 | 1.4 | 1.2 | 2.9 |
| Contract Cleaning, Dry Cleaning | 2.6 | 2.7 | 2.3 | 2.9 |
| Operating Supplies | 2.3 | 2.5 | 2.6 | 2.1 |
| All Other Expenses | 1.8 | 1.1 | 1.8 | 2.3 |
| **Total Departmental Expenses** | **26.6%** | **25.1%** | **26.3%** | **26.8%** |
| **Net Departmental Income** | **73.4%** | **74.9%** | **73.7%** | **73.2%** |

*All amounts are medians and do not necessarily add to totals shown.

Exhibit 9

*Food and Beverage Operations*
*Income Per Available Room**

| | Size | | | |
|---|---|---|---|---|
| | All Establishments | Under 150 Rooms | 150–299 Rooms | 300 Rooms and Over |
| **Sales** | | | | |
| Food | $ 8,740 | $7,533 | $ 8,965 | $ 9,564 |
| Beverage | 3,029 | 1,980 | 3,212 | 3,199 |
| Total | $11,643 | $8,951 | $11,776 | $12,413 |
| **Cost of Sales** | | | | |
| Food | $ 3,168 | $3,054 | $ 3,168 | $ 3,297 |
| Beverage | 755 | 902 | 821 | 719 |
| Total | 3,834 | 3,451 | 3,886 | 3,997 |
| Gross Profit | 8,209 | 6,084 | 8,541 | 8,744 |
| Public Room Sales | 107 | ** | 80 | 68 |
| Other Income | 230 | ** | 210 | 239 |
| Total | $ 8,971 | $6,354 | $ 9,527 | $10,864 |
| **Department Expenses** | | | | |
| Payroll and Related Expenses | $ 4,799 | $3,153 | $ 4,935 | $ 5,375 |
| China, Glassware, Silver and Linen | 158 | 88 | 173 | 192 |
| Contract Cleaning | 26 | 39 | 21 | 24 |
| Laundry and Dry Cleaning | 123 | 70 | 147 | 127 |
| Operating Supplies | 315 | 318 | 281 | 330 |
| Uniforms | 58 | 26 | 51 | 84 |
| All Other Operating Expenses | 312 | 258 | 384 | 312 |
| Total | 5,752 | 4,123 | 6,113 | 7,005 |
| **Departmental Income** | **$ 2,131** | **$1,467** | **$ 2,523** | **$ 1,984** |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 10

*Food and Beverage Statistics By Selected Criteria**

| | All Establishments | Size: Under 150 Rooms | Size: 150-299 Rooms | Size: 300 Rooms and Over |
|---|---|---|---|---|
| **Amount Per Available Room** | | | | |
| **Food Sales by Facility** | | | | |
| Dining Rooms | $5,354 | $7,632 | $5,021 | $4,200 |
| Room Service | 615 | ** | 423 | 724 |
| Banquet | 3,231 | 627 | 3,375 | 3,607 |
| Bar / Lounge | 158 | ** | ** | 90 |
| Total | $8,717 | $7,512 | $8,940 | $9,538 |
| **Ratio to Food Sales** | | | | |
| Dining Rooms | 59.3% | 98.6% | 56.5% | 49.4% |
| Room Service | 5.8 | ** | 5.3 | 6.0 |
| Banquet | 36.8 | 11.8% | 38.3% | 37.9 |
| Bar / Lounge | 1.3% | ** | ** | 0.4% |
| **Beverage Sales** | | | | |
| Dining Rooms | $1,003 | $2,274 | $1,020 | $669 |
| Room Service | 121 | ** | ** | 143 |
| Banquet | 927 | 277 | 954 | 1,077 |
| Bar / Lounge | 1,344 | 1,533 | 1,416 | 1,087 |
| Total | $3,021 | $1,975 | $3,204 | $3,190 |
| **Ratio to Beverage Sales** | | | | |
| Dining Rooms | 29.6% | 72.1% | 24.0% | 23.2% |
| Room Service | 4.3 | ** | ** | 4.3 |
| Banquet | 27.4 | 14.7 | 30.9 | 31.2 |
| Bar / Lounge | 39.4% | 83.5% | 45.9% | 30.7% |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response

## Exhibit 11

*Ratios of Total Food and Beverage Sales**

| | All Establishments | Occupancy | | | |
|---|---|---|---|---|---|
| | | Under 50% | 50-59.9% | 60-69.9% | 70% and Over |
| **Sales** | | | | | |
| Food | 75.8% | 76.7% | 75.0% | 73.7% | 77.1% |
| Beverage | 24.4 | 23.8 | 25.0 | 26.3 | 24.3 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Cost of Sales** | | | | | |
| Food | 34.2% | 35.2% | 34.3% | 33.1% | 35.3% |
| Beverage | 24.1 | 24.7 | 24.1 | 24.1 | 22.7 |
| Total | 32.3 | 32.9 | 31.6 | 30.4 | 33.1 |
| Gross Profit | 67.7 | 67.1 | 68.4 | 69.6 | 66.9 |
| Public Room Sales | 0.7 | 0.8 | ** | 1.0 | 0.6 |
| Other Income | 1.3 | 5.2 | 1.3 | 1.2 | 1.0 |
| Total | 70.8% | 69.8% | 71.6% | 72.6% | 70.1% |
| **Department Expenses** | | | | | |
| Payroll and Related Expenses | 40.9% | 38.9% | 38.4% | 42.9% | 41.6% |
| China, Glassware, Silver and Linen | 1.5 | 1.3 | 1.6 | 1.7 | 1.4 |
| Contract Cleaning | 0.2 | 0.2 | 0.1 | ** | 0.2 |
| Laundry and Dry Cleaning | 0.9 | 0.9 | 0.9 | 1.4 | 0.8 |
| Operating Supplies | 2.8 | 3.6 | 2.7 | 2.5 | 2.4 |
| Uniforms | 0.5 | 0.5 | 0.5 | 0.7 | 0.4 |
| All Other Operating Expenses | 2.8 | 3.4 | 2.2 | 3.0 | 2.7 |
| Total | 52.7% | 50.8% | 50.6% | 54.1% | 52.9% |
| **Departmental Income** | **18.8%** | **20.6%** | **18.2%** | **18.8%** | **17.2%** |

*All amounts are medians and do not necessarily add to totals shown
**Insufficient response

## Exhibit 12

*Telephone Rentals and Other Income*
*Amount Per Available Room**

| | Size | | | |
|---|---|---|---|---|
| | All Establishments | Under 150 Rooms | 150-299 Rooms | 300 Rooms and Over |
| **Telephone** | | | | |
| Sales | $ 483 | $ 315 | $ 397 | $ 661 |
| Cost of Calls | 288 | 344 | 261 | 304 |
| Equipment Rental | 107 | 158 | 95 | 98 |
| Total | 396 | 378 | 339 | 412 |
| Payroll and Related Expenses | 224 | ** | 147 | 229 |
| All Other Expenses | 41 | ** | 69 | 38 |
| Total Department Expenses | 502 | 402 | 453 | 603 |
| Net Department Income (Loss) | $ (60) | $(142) | $ (62) | $ 48 |
| **Minor-Operated Departments** | | | | |
| Sales | $1,352 | $ 929 | $2,242 | $3,506 |
| Cost of Sales | 471 | 159 | 578 | 567 |
| Payroll and Related Expenses | 990 | 622 | 639 | 1,127 |
| Other Expenses | 403 | 182 | 480 | 593 |
| Total Department Costs and Expenses | 1,269 | 458 | 1,630 | 2,116 |
| Net Department Income (Loss) | $ 465 | $ (2) | $ 689 | $1,043 |
| **Rentals and Other Income** | | | | |
| Space Rentals | $ 180 | $ 92 | $ 71 | $ 282 |
| Concessions | 153 | ** | ** | 207 |
| Commissions | 78 | 93 | ** | 62 |
| Other | 461 | 413 | 474 | 461 |
| Total Department Income | $ 779 | $ 507 | $ 792 | $913 |

*All amounts are medians.
**Insufficient response.

## Exhibit 13

*Employment Statistics**

| | Size | | | |
|---|---|---|---|---|
| | All Establishments | Under 150 Rooms | 150-299 Rooms | 300 Rooms and Over |
| **Sales Per Employee** | | | | |
| Rooms | $87,127 | $56,028 | $62,216 | $98,157 |
| Food and Beverage | 28,435 | 20,188 | 24,987 | 28,545 |
| Telephone | 6,240 | ** | 64,266 | 44,273 |
| Minor-Operated Departments | ** | ** | 13,397 | 29,994 |
| Total Sales Per Employee | $41,662 | $31,690 | $32,642 | $35,099 |
| Productivity Index | 4.81 % | 4.83 % | 5.04 % | 4.66 % |
| **Number of Full-Time Equivalent Employees** | | | | |
| Rooms | | | | |
| Front Desk | 12.0 | 7.0 | 16.0 | 25.0 |
| Housekeeping | 27.5 | 13.8 | 38.5 | 78.0 |
| Food and Beverage | 76.5 | 11.5 | 92.0 | 225.0 |
| Telephone | 1.0 | 0.0 | 1.0 | 7.0 |
| Minor-Operated Departments | 1.5 | 0.0 | 11.0 | 16.0 |
| Administrative and General | 10.0 | 3.0 | 11.0 | 36.0 |
| Marketing | | | | |
| Sales | 5.0 | 1.0 | 5.0 | 13.0 |
| Other Marketing | 0.0 | 0.0 | 0.0 | 0.0 |
| Property Operations and Maintenance | 12.0 | 4.3 | 12.5 | 28.0 |
| Other | 0.0 | 0.0 | 5.0 | 10.0 |
| Total | 160.5 | 48.5 | 229.5 | 531.0 |

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 14

*Fixed Charges—Median Amounts Per Room*

| | Rent | Property Taxes | Property Insurance | Interest | Amortization and Depreciation | Other | Total |
|---|---|---|---|---|---|---|---|
| **All Establishments** | **$ 651** | **$ 856** | **$424** | **$2,122** | **$2,244** | **$ 437** | **$5,909** |
| **Size** | | | | | | | |
| Under 150 Rooms | $ 250 | $ 787 | $489 | $1,477 | $2,033 | $ 803 | $5,893 |
| 150-299 Rooms | ** | 856 | 465 | 2,411 | 2,233 | 46 | 5,631 |
| 300 Rooms and Over | 1,172 | 991 | 256 | 3,076 | 3,340 | 611 | 6,936 |
| **Occupancy** | | | | | | | |
| Under 50 Percent | ** | $ 384 | $488 | $2,064 | $1,571 | $ 333 | $4,332 |
| 50-59.9 Percent | $ 229 | 856 | 559 | 2,055 | 2,181 | 296 | 5,624 |
| 60-69.9 Percent | 4,708 | 909 | 359 | 2,724 | 3,635 | 1,194 | 9,368 |
| 70 Percent and Over | ** | 1,032 | 259 | 1,880 | 3,190 | 677 | 7,141 |

**Insufficient response

## Exhibit 15

*Amounts Per Available Room and Ratios to Total Sales—By Affiliation**

| | Affiliation | | | |
|---|---|---|---|---|
| | Amount Per Room | | Ratio to Total Sales | |
| | Chain-Affiliated | Independent | Chain-Affiliated | Independent |
| **Annual Occupancy** | 63.3% | 57.0% | 63.3% | 57.0% |
| **Annual Room Rate** | $ 92.77 | $ 79.74 | $ 92.77 | $ 79.74 |
| **Revenue** | | | | |
| Rooms | $22,065 | $15,479 | 59.1% | 51.8% |
| Food | 9,549 | 8,549 | 24.5 | 27.8 |
| Beverage | 3,588 | 2,989 | 8.4 | 8.5 |
| Other Food and Beverage | 397 | 316 | 1.0 | 0.7 |
| Telephone | 660 | 386 | 1.7 | 1.2 |
| Minor-Operated | 1,211 | 1,547 | 3.0 | 5.5 |
| Rentals and Other Income | 768 | 794 | 1.9 | 2.2 |
| Total | $34,984 | $32,021 | 100.0% | 100.0% |
| **Department Expenses** | | | | |
| Rooms | $ 6,248 | $ 4,691 | 14.7% | 14.5% |
| Food and Beverage | 10,438 | 8,613 | 29.2 | 30.1 |
| Telephone | 588 | 456 | 1.6 | 1.4 |
| Minor-Operated | 73 | 223 | 0.2 | 1.2 |
| Rentals and Other Income | 1,292 | 1,282 | 2.6 | 4.1 |
| Total | $16,958 | $14,210 | 47.0% | 50.1% |
| **Department Profit** | | | | |
| Rooms | $16,294 | $11,151 | 43.6% | 37.4% |
| Food and Beverage | 1,806 | 2,211 | 5.0 | 6.2 |
| Telephone | 32 | (91) | 0.2 | (0.3) |
| Minor-Operated | 153 | 170 | 0.5 | 0.5 |
| Rentals and Other Income | ** | ** | ** | ** |
| Total | $18,559 | $15,819 | 53.0% | 49.9% |
| **Undistributed Operating Expenses** | | | | |
| **Administrative and General** | | | | |
| Payroll and Related | $ 1,753 | $ 1,877 | 4.9% | 5.5% |
| Other | 1,687 | 1,906 | 5.1 | 6.0 |
| Total | $ 3,356 | $ 3,661 | 9.9% | 10.6% |
| **Marketing** | | | | |
| Payroll and Related | $ 861 | $ 699 | 2.2% | 2.1% |
| Other | 2,015 | 1,429 | 5.6 | 4.5 |
| Total | $ 2,763 | $ 2,135 | 7.8% | 6.0% |
| **Energy Costs** | $ 1,440 | $ 1,238 | 4.2% | 4.1% |
| **Property Operations and Maintenance** | $ 2,202 | $ 1,994 | 6.3% | 6.3% |
| **Total Undistributed Operating Expenses** | $ 9,896 | $ 9,668 | 28.5% | 27.8% |
| Income Before Management Fees | 8,253 | 5,645 | 24.5 | 21.3 |
| Management Fees (Base and Incentive) | 1,153 | 1,111 | 3.0 | 3.0 |
| Income Before Fixed Charges | $ 7,394 | $ 5,549 | 22.0 | 19.5 |
| **Fixed Charges** | $ 5,424 | $ 5,946 | 24.2% | 20.3% |
| **Income Before Income Taxes** | $ 72 | $ 67 | 0.9% | 0.3% |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 16

*Amounts Per Available Room—By Occupancy**

| | All Establishments | Occupancy | | | |
|---|---|---|---|---|---|
| | | Under 50% | 50–59.9% | 60–69.9% | 70% and Over |
| **Annual Occupancy** | 58.8% | 43.3% | 54.3% | 65.7% | 76.5% |
| **Annual Room Rate** | $ 80.62 | $ 70.09 | $ 90.81 | $ 96.26 | $ 79.78 |
| **Revenue** | | | | | |
| Rooms | $17,483 | $10,397 | $18,943 | $23,289 | $23,371 |
| Food | 8,740 | 6,877 | 10,890 | 12,269 | 10,414 |
| Beverage | 3,029 | 1,657 | 3,646 | 4,614 | 3,625 |
| Other Food and Beverage | 343 | 439 | 219 | 554 | 301 |
| Telephone | 485 | 244 | 433 | 658 | 585 |
| Minor-Operated | 1,356 | 2,378 | 2,328 | 1,130 | 765 |
| Rentals and Other Income | 781 | 863 | 684 | 775 | 894 |
| Total | $32,124 | $22,946 | $36,718 | $44,537 | $37,218 |
| **Department Expenses** | | | | | |
| Rooms | $ 5,303 | $ 2,943 | $ 5,190 | $ 6,716 | $ 5,671 |
| Food and Beverage | 8,973 | 6,593 | 11,132 | 13,528 | 11,400 |
| Telephone | 503 | 407 | 513 | 712 | 479 |
| Minor-Operated | 196 | 138 | ** | 367 | ** |
| Rentals and Other Income | 1,273 | 2,399 | 1,669 | 1,051 | 665 |
| Total | $14,954 | $10,027 | $13,635 | $22,654 | $15,775 |
| **Department Profit** | | | | | |
| Rooms | $13,016 | $ 6,678 | $14,052 | $16,986 | $17,196 |
| Food and Beverage | 2,057 | 2,053 | 2,513 | 2,523 | 1,806 |
| Telephone | (60) | (91) | (47) | 16 | (20) |
| Minor-Operated | 166 | 200 | 71 | 178 | 177 |
| Rentals and Other Income | ** | ** | ** | ** | ** |
| Total | $16,092 | $10,656 | $16,689 | $20,442 | $19,298 |
| **Undistributed Operating Expenses** | | | | | |
| **Administrative and General** | | | | | |
| Payroll and Related | $ 1,815 | $ 1,597 | $ 1,858 | $ 2,288 | $ 1,698 |
| Other | 1,851 | 1,389 | 1,695 | 3,168 | 1,974 |
| Total | $ 3,624 | $ 3,201 | $ 3,251 | $ 5,091 | $ 3,726 |
| **Marketing** | | | | | |
| Payroll and Related | $ 792 | $ 603 | $ 766 | $ 1,136 | $ 846 |
| Other | 1,663 | 1,327 | 1,959 | 2,209 | 1,107 |
| Total | $ 2,222 | $ 1,700 | $ 2,769 | $ 3,578 | $ 1,753 |
| **Energy Costs** | $ 1,393 | $ 1,159 | $ 1,414 | $ 1,821 | $ 1,307 |
| **Property Operations and Maintenance** | $ 2,074 | $ 1,645 | $ 1,534 | $ 3,020 | $ 2,466 |
| **Total Undistributed Operating Expenses** | $ 9,761 | $ 8,407 | $ 9,738 | $12,664 | $ 8,575 |
| Income Before Management Fees | 7,034 | 3,134 | 6,907 | 7,641 | 9,959 |
| Management Fees (Base and Incentive) | 1,142 | ** | 1,029 | 1,489 | 1,111 |
| Income Before Fixed Charges | $ 6,264 | $ 3,015 | $ 6,336 | $ 6,322 | $ 9,377 |
| **Fixed Charges** | $ 5,926 | $ 4,344 | $ 5,639 | $ 9,394 | $ 7,161 |
| **Income Before Income Taxes** | $ 49 | $ (611) | $ (592) | $ (3,174) | $ 1,937 |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 17

*Ratio to Total Sales—By Occupancy**

| | All Establishments | Occupancy | | | |
|---|---|---|---|---|---|
| | | Under 50% | 50-59.9% | 60-69.9% | 70% and Over |
| **Annual Occupancy** | **58.8%** | **43.3%** | **54.3%** | **65.7%** | **76.5%** |
| **Annual Room Rate** | **$80.62** | **$70.09** | **$90.81** | **$96.26** | **$79.78** |
| **Revenues** | | | | | |
| Rooms | 55.6% | 43.3% | 58.5% | 57.0% | 61.0% |
| Food | 25.8% | 24.4% | 25.3% | 26.0% | 26.1% |
| Beverage | 8.4 | 6.8 | 8.4 | 9.3 | 8.8 |
| Other Food and Beverage | 0.8 | 1.4 | 0.6 | 0.8 | 0.7 |
| Telephone | 1.4 | 1.1 | 1.3 | 1.8 | 1.4 |
| Minor-Operated | 4.1 | 7.2 | 8.0 | 3.4 | 1.8 |
| Rentals and Other Income | 2.1 | 3.4 | 1.9 | 1.4 | 2.2 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| **Department Expenses** | | | | | |
| Rooms | 14.6% | 13.6% | 14.6% | 17.6% | 14.6% |
| Food and Beverage | 29.5 | 27.2 | 30.1 | 30.0 | 28.5 |
| Telephone | 1.5 | 1.5 | 1.7 | 1.5 | 1.5 |
| Minor-Operated | 0.5 | 2.0 | 0.1 | 1.2 | 0.5 |
| Rentals and Other Income | 3.1 | 9.7 | 3.7 | 2.0 | 1.5 |
| Total | 48.6% | 52.7% | 48.1% | 47.0% | 45.0% |
| **Department Profit** | | | | | |
| Rooms | 40.9% | 30.4% | 40.9% | 41.7% | 45.1% |
| Food and Beverage | 5.9 | 5.9 | 6.2 | 5.8 | 5.8 |
| Telephone | (0.1) | (0.6) | (0.1) | 0.1 | (0.1) |
| Minor-Operated | 0.5 | 1.2 | 0.1 | 0.5 | 0.5 |
| Rentals and Other Income | ** | ** | ** | ** | ** |
| Total | 51.4% | 47.3% | 51.9% | 53.0% | 55.0% |
| **Undistributed Operating Expenses** | | | | | |
| **Administrative and General** | | | | | |
| Payroll and Related | 5.1% | 5.8% | 5.5% | 4.6% | 4.8% |
| Other | 5.6 | 5.9 | 5.0 | 6.1 | 5.5 |
| Total | 10.3% | 11.4% | 9.9% | 10.2% | 9.9% |
| **Marketing** | | | | | |
| Payroll and Related | 2.1% | 2.2% | 1.9% | 2.2% | 1.5% |
| Other | 4.6 | 5.1 | 4.8 | 5.8 | 3.5 |
| Total | 7.0% | 7.8% | 7.4% | 7.9% | 4.7% |
| **Energy Costs** | **4.2%** | **5.4%** | **5.0%** | **3.9%** | **3.4%** |
| **Property Operations and Maintenance** | **6.3%** | **7.0%** | **6.2%** | **6.3%** | **6.2%** |
| **Total Undistributed Operating Expenses** | **28.1%** | **31.4%** | **28.8%** | **30.0%** | **25.2%** |
| Income Before Management Fees | 22.2 | 15.9 | 19.5 | 21.4 | 28.3 |
| Management Fees (Base and Incentive) | 3.0 | 2.6 | 3.5 | 3.2 | 2.9 |
| Income Before Fixed Charges | 19.7 | 15.0 | 18.7 | 18.9 | 26.3 |
| **Fixed Charges** | **21.1%** | **17.9%** | **21.1%** | **31.4%** | **22.5%** |
| **Income Before Income Taxes** | **0.1%** | **(3.7)%** | **(2.9)%** | **(6.4)%** | **5.6%** |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 18

*Amounts Per Available Room—By Rate**

| | Rate | | | |
|---|---|---|---|---|
| | Under $75 | $75-99.99 | $100-124.99 | $125.00 and Over |
| **Annual Occupancy** | **52.3%** | **64.9%** | **66.4%** | **59.5%** |
| **Annual Room Rate** | **$ 54.64** | **$ 90.38** | **$111.40** | **$150.70** |
| **Revenue** | | | | |
| Rooms | $10,066 | $22,023 | $26,409 | $32,818 |
| Food | 5,187 | 9,110 | 11,554 | 18,014 |
| Beverage | 1,416 | 2,970 | 3,496 | 5,280 |
| Other Food and Beverage | 129 | 220 | 587 | 580 |
| Telephone | 247 | 631 | 637 | 673 |
| Minor-Operated | 679 | 1,085 | 1,622 | 3,587 |
| Rentals and Other Income | 416 | 705 | 1,818 | 1,846 |
| Total | $16,802 | $34,602 | $44,240 | $65,690 |
| **Department Expenses** | | | | |
| Rooms | $ 2,909 | $ 4,985 | $ 7,165 | $ 8,487 |
| Food and Beverage | 5,010 | 9,523 | 12,228 | 20,575 |
| Telephone | 376 | 505 | 746 | 773 |
| Minor-Operated | 314 | 60 | 1,032 | 193 |
| Rentals and Other Income | 406 | 1,242 | 1,532 | 2,825 |
| Total | $ 7,812 | $15,960 | $22,078 | $33,334 |
| **Department Profit** | | | | |
| Rooms | $ 8,163 | $15,920 | $19,545 | $24,652 |
| Food and Beverage | 1,320 | 2,414 | 2,243 | 4,537 |
| Telephone | (88) | 96 | (67) | (87) |
| Minor-Operated | 127 | 191 | 62 | 354 |
| Rentals and Other Income | ** | ** | ** | ** |
| Total | $10,234 | $18,758 | $22,477 | $29,387 |
| **Undistributed Operating Expenses** | | | | |
| **Administrative and General** | | | | |
| Payroll and Related | $ 1,019 | $ 2,033 | $ 2,169 | $ 3,014 |
| Other | 1,176 | 2,020 | 2,552 | 3,573 |
| Total | $ 2,157 | $ 3,935 | $ 5,152 | $ 6,113 |
| **Marketing** | | | | |
| Payroll and Related | $ 454 | $ 928 | $ 796 | $ 1,164 |
| Other | 814 | 1,820 | 2,534 | 3,090 |
| Total | $ 1,250 | $ 2,505 | $ 3,143 | $ 4,302 |
| Energy Costs | $ 899 | $ 1,443 | $ 1,699 | $ 2,376 |
| **Property Operations and Maintenance** | **$ 1,113** | **$ 2,210** | **$ 2,718** | **$ 4,274** |
| **Total Undistributed Operating Expenses** | **$ 5,364** | **$10,837** | **$12,645** | **$17,254** |
| Income Before Management Fees | 3,956 | 7,859 | 11,465 | 12,423 |
| Management Fees (Base and Incentive) | 608 | 871 | 1,265 | 2,025 |
| Income Before Fixed Charges | $ 3,926 | $ 6,798 | $10,163 | $ 9,891 |
| **Fixed Charges** | **$ 4,789** | **$ 6,507** | **$ 9,563** | **$12,188** |
| **Income Before Income Taxes** | **$ (305)** | **$ 388** | **$ 1,126** | **$ (590)** |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 19

*Ratio to Total Sales—By Rate**

| | Rate | | | |
|---|---|---|---|---|
| | Under $75.00 | $75-$99.99 | $100-$124.99 | $125 and Over |
| **Annual Occupancy** | 52.3% | 64.9% | 66.4% | 59.5% |
| **Annual Room Rate** | $54.64 | $90.38 | $111.40 | $150.70 |
| **Revenue** | | | | |
| Rooms | 58.2% | 56.0% | 53.4% | 55.0% |
| Food | 25.4 | 24.4 | 22.0 | 27.0 |
| Beverage | 8.2 | 8.4 | 8.5 | 8.4 |
| Other Food and Beverage | 0.5 | 0.7 | 1.2 | 0.9 |
| Telephone | 1.5 | 1.4 | 1.3 | 1.4 |
| Minor-Operated | 4.0 | 3.9 | 3.1 | 5.6 |
| Rentals and Other Income | 2.0 | 1.6 | 3.5 | 2.1 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |
| **Department Expenses** | | | | |
| Rooms | 15.1% | 12.3% | 15.0% | 14.5% |
| Food and Beverage | 29.8% | 25.9 | 23.8 | 30.3 |
| Telephone | 1.7 | 1.3 | 1.5 | 1.4 |
| Minor-Operated | 1.5 | 0.1 | 1.8 | 0.2 |
| Rentals and Other Income | 2.1 | 3.5 | 3.0 | 4.1 |
| Total | 47.1% | 46.8% | 52.3% | 51.4% |
| **Department Profit** | | | | |
| Rooms | 41.9% | 42.4% | 37.4% | 40.3% |
| Food and Beverage | 6.2 | 7.3 | 4.1 | 6.2 |
| Telephone | (0.4) | 0.3 | (0.1) | (0.2) |
| Minor-Operated | 0.4 | 0.5 | 0.2 | 0.5 |
| Rentals and Other Income | ** | ** | ** | ** |
| Total | 52.9% | 53.2% | 47.7% | 48.6% |
| **Undistributed Operating Expenses** | | | | |
| **Administrative and General** | | | | |
| Payroll and Related | 5.3% | 5.7% | 4.3% | 4.9% |
| Other | 6.5 | 5.3 | 5.9 | 4.8 |
| Total | 10.8% | 10.6% | 10.0% | 9.7% |
| **Marketing** | | | | |
| Payroll and Related | 2.6% | 2.3% | 1.4% | 1.6% |
| Other | 4.6 | 4.6 | 4.8 | 4.6 |
| Total | 6.5% | 6.7% | 6.8% | 7.3% |
| **Energy Costs** | 5.2% | 4.7% | 3.6% | 3.2% |
| **Property Operations and Maintenance** | 7.1% | 6.0% | 5.8% | 6.3% |
| **Total Undistributed Operating Expenses** | 29.6% | 28.6% | 25.7% | 26.6% |
| Income Before Management Fees | 23.8 | 22.0 | 20.6 | 20.3 |
| Management Fees (Base and Incentive) | 3.8 | 2.8 | 3.0 | 3.1 |
| Income Before Fixed Charges | 22.1 | 20.4 | 18.0 | 18.7 |
| **Fixed Charges** | 27.0% | 15.7% | 18.2% | 18.8% |
| **Income Before Income Taxes** | (1.2)% | 0.9% | 3.2% | (0.5)% |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 20

*Amounts Per Available Room—By Size of Property**

| | Size | | |
|---|---|---|---|
| | Under 150 Rooms | 150-299 Rooms | 300 Rooms and Over |
| **Annual Occupancy** | **59.2%** | **55.9%** | **64.0%** |
| **Annual Room Rate** | **$ 67.90** | **$ 89.80** | **$ 92.74** |
| **Revenue** | | | |
| Rooms | $13,526 | $17,483 | $22,197 |
| Food | 7,533 | 8,965 | 9,564 |
| Beverage | 1,980 | 3,212 | 3,199 |
| Other Food and Beverage | 450 | 219 | 377 |
| Telephone | 316 | 398 | 663 |
| Minor-Operated | 932 | 2,248 | 3,515 |
| Rentals and Other Income | 508 | 794 | 916 |
| Total | $23,125 | $34,912 | $40,793 |
| **Department Expenses** | | | |
| Rooms | $ 3,383 | $ 4,754 | $ 6,772 |
| Food and Beverage | 6,559 | 9,452 | 10,799 |
| Telephone | 404 | 455 | 605 |
| Minor-Operated | 209 | 106 | 221 |
| Rentals and Other Income | 460 | 1,634 | 2,122 |
| Total | $ 8,120 | $16,432 | $20,841 |
| **Department Profit** | | | |
| Rooms | $11,023 | $12,796 | $15,920 |
| Food and Beverage | 1,467 | 2,414 | 2,051 |
| Telephone | (143) | (62) | 48 |
| Minor-Operated | (39) | 219 | 682 |
| Rentals and Other Income | ** | ** | ** |
| Total | $13,680 | $16,164 | $18,758 |
| **Undistributed Operating Expenses** | | | |
| **Administrative and General** | | | |
| Payroll and Related | $ 1,460 | $ 1,644 | $ 2,170 |
| Other | 1,581 | 2,064 | 1,997 |
| Total | $ 2,728 | $ 3,903 | $ 3,865 |
| **Marketing** | | | |
| Payroll and Related | $ 454 | $ 757 | $ 922 |
| Other | 893 | 1,888 | 2,021 |
| Total | $ 1,293 | $ 2,763 | $ 2,945 |
| **Energy Costs** | **$ 1,005** | **$ 1,641** | **$ 1,438** |
| **Property Operations and Maintenance** | **$ 1,530** | **$ 2,140** | **$ 2,621** |
| **Total Undistributed Operating Expenses** | **$ 7,293** | **$11,062** | **$10,728** |
| Income Before Management Fees | 5,551 | 5,661 | 8,275 |
| Management Fees (Base and Incentive) | 879 | 1,142 | 1,260 |
| Income Before Fixed Charges | $ 5,029 | $ 5,559 | $7,369 |
| **Fixed Charges** | **$ 5,909** | **$ 5,646** | **$ 6,955** |
| **Income Before Income Taxes** | **$ 290** | **$ (2,002)** | **$ (68)** |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 21

*Ratios to Total Sales—By Size of Property**

| | Size | | |
|---|---|---|---|
| | Under 150 Rooms | 150-299 Rooms | 300 Rooms and Over |
| **Annual Occupancy** | **59.2%** | **55.9%** | **64.0%** |
| **Annual Room Rate** | **$ 67.90** | **$ 89.80** | **$ 92.74** |
| **Revenue** | | | |
| Rooms | 60.8% | 53.9% | 51.8% |
| Food | 27.8 | 27.2 | 23.4 |
| Beverage | 6.9 | 9.2 | 8.6 |
| Other Food and Beverage | 1.1 | 0.5 | 0.9 |
| Telephone | 1.4 | 1.3 | 1.5 |
| Minor-Operated | 2.5 | 5.0 | 6.0 |
| Rentals and Other Income | 1.9 | 1.9 | 2.2 |
| Total | 100.0% | 100.0% | 100.0% |
| **Department Expenses** | | | |
| Rooms | 15.3% | 13.5% | 14.2% |
| Food and Beverage | 26.1 | 30.9 | 29.1 |
| Telephone | 1.8 | 1.2 | 1.5 |
| Minor-Operated | 1.2 | 0.3 | 0.4 |
| Rentals and Other Income | 1.8 | 4.2 | 4.3 |
| Total | 44.2% | 52.0% | 52.5% |
| **Department Profit** | | | |
| Rooms | 47.5 | 37.1 | 37.7 |
| Food and Beverage | 5.6 | 6.6 | 5.7 |
| Telephone | (0.6) | (0.1) | 0.1 |
| Minor-Operated | (0.2) | 0.7 | 1.5 |
| Rentals and Other Income | ** | ** | ** |
| Total | 55.8% | 48.0% | 47.5% |
| **Undistributed Operating Expenses** | | | |
| **Administrative and General** | | | |
| Payroll and Related | 5.4% | 4.8% | 5.3% |
| Other | 6.7 | 5.1 | 4.8 |
| Total | 12.0% | 9.3% | 10.2% |
| **Marketing** | | | |
| Payroll and Related | 1.6% | 2.4% | 2.1% |
| Other | 3.8 | 5.4 | 5.0 |
| Total | 5.0% | 8.2% | 7.4% |
| **Energy Costs** | **3.9%** | **4.8%** | **3.8%** |
| **Property Operations and Maintenance** | **6.7%** | **5.4%** | **6.3%** |
| **Total Undistributed Operating Expenses** | **29.4%** | **28.2%** | **27.6%** |
| Income Before Management Fees | 26.3 | 18.9 | 19.7 |
| Management Fees (Base and Incentive) | 3.0 | 3.0 | 3.0 |
| Income Before Fixed Charges | 25.5 | 18.2 | 19.2 |
| **Fixed Charges** | **25.1%** | **29.5%** | **19.9%** |
| **Income Before Income Taxes** | **1.6%** | **(7.9)%** | **(0.3)%** |

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

## Exhibit 22

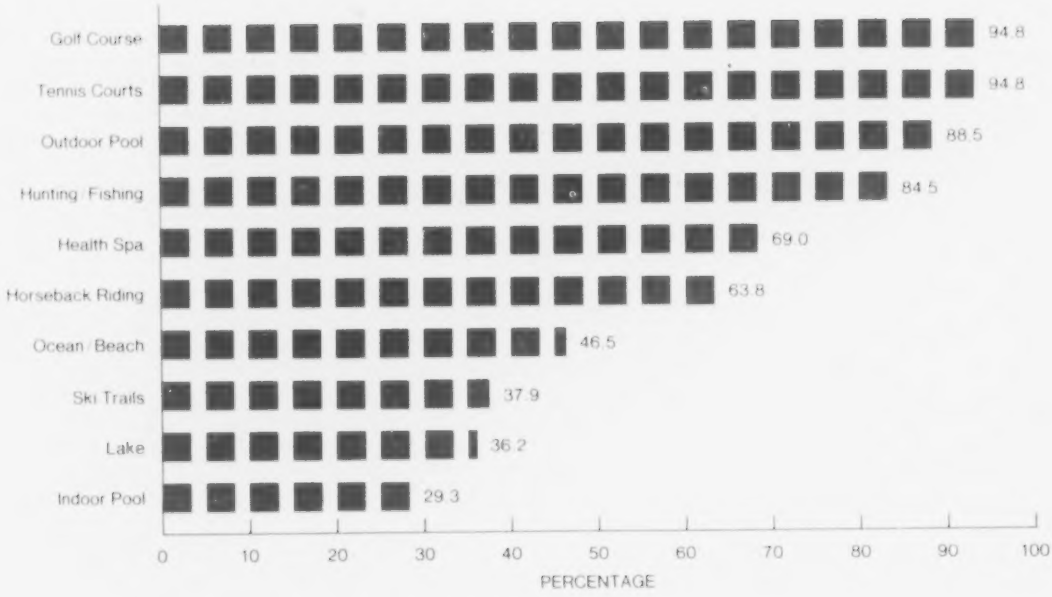
*Minor-Operated Department—By Department**

| | |
|---|---|
| **Tennis-Raquet Club** | |
| Net Revenue | $ 90,622 |
| Payroll and Related Expenses | 39,100 |
| Other Expenses (Court Maintenance, Nets/Tapes, etc.) | 47,200 |
| Departmental Income | $ 6,586 |
| **Golf Course** | |
| Net Revenue | $960,000 |
| Payroll and Related Expenses | 280,000 |
| Course Maintenance Expenses | 86,006 |
| Other Expenses (Fertilizer, Topsoil, Sand, etc.) | 80,652 |
| Departmental Income | $260,048 |
| **Tennis Pro Shop** | |
| Net Revenue | $ 59,592 |
| Payroll and Related Expenses | 30,000 |
| Other Expenses (Commission Sales, Operating Supplies, etc.) | 22,783 |
| Departmental Income | $ 6,446 |
| **Golf Pro Shop** | |
| Net Revenue | $884,674 |
| Cost of Sales | 193,879 |
| Payroll and Related Expenses | 92,979 |
| Other Expenses (Commission Sales, Operating Supplies, etc.) | $58,010 |
| Departmental Income | $250,559 |

*All amounts are medians and do not necessarily add to totals shown.

## Chart 1

*Recreation Facilities**




*Facilities that are either nearby or on-site.

## Chart 2

*Technology Information*

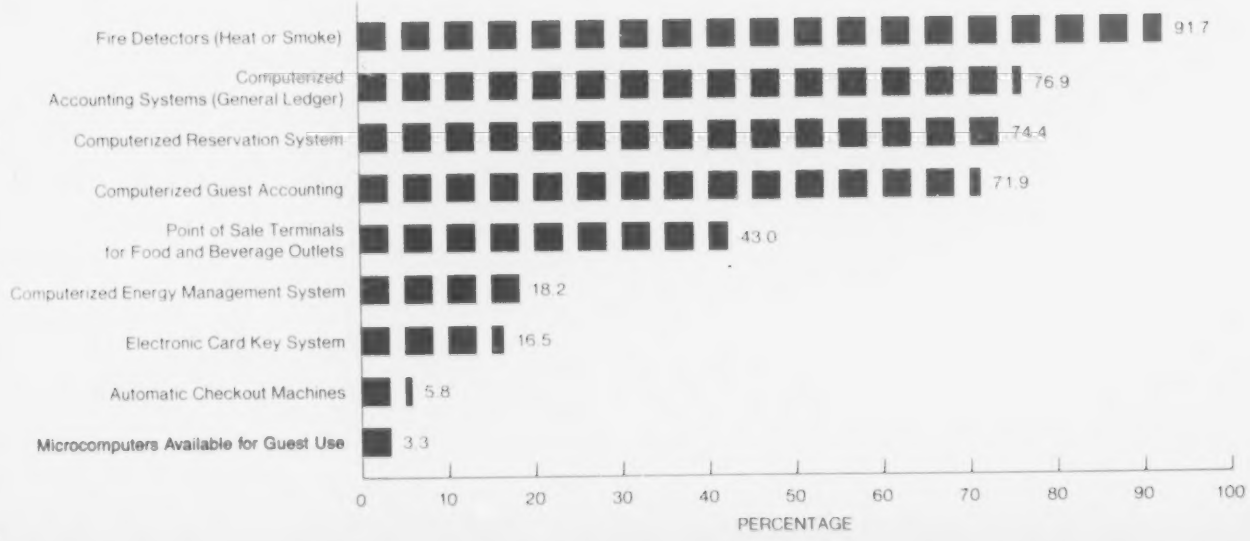
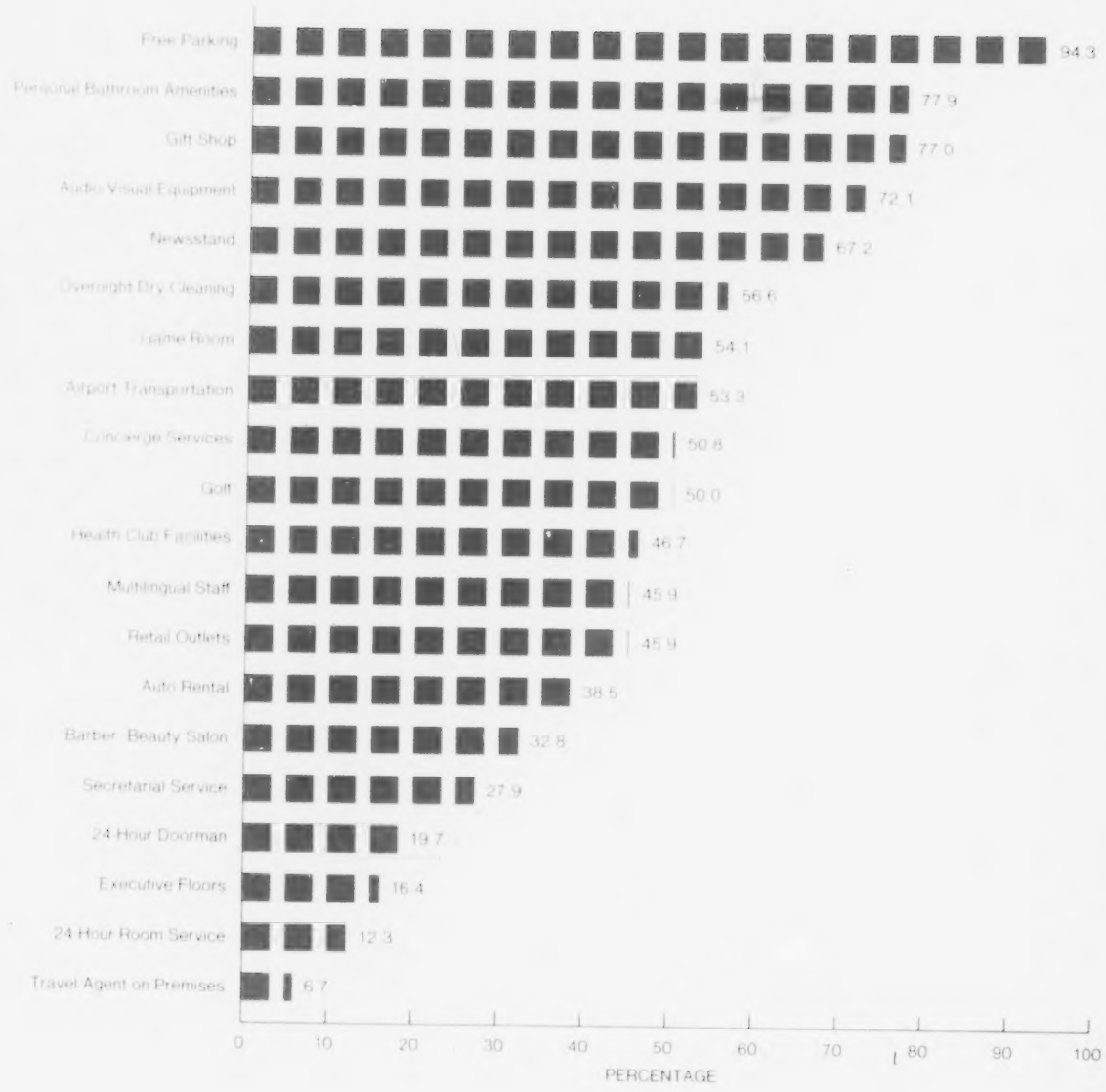
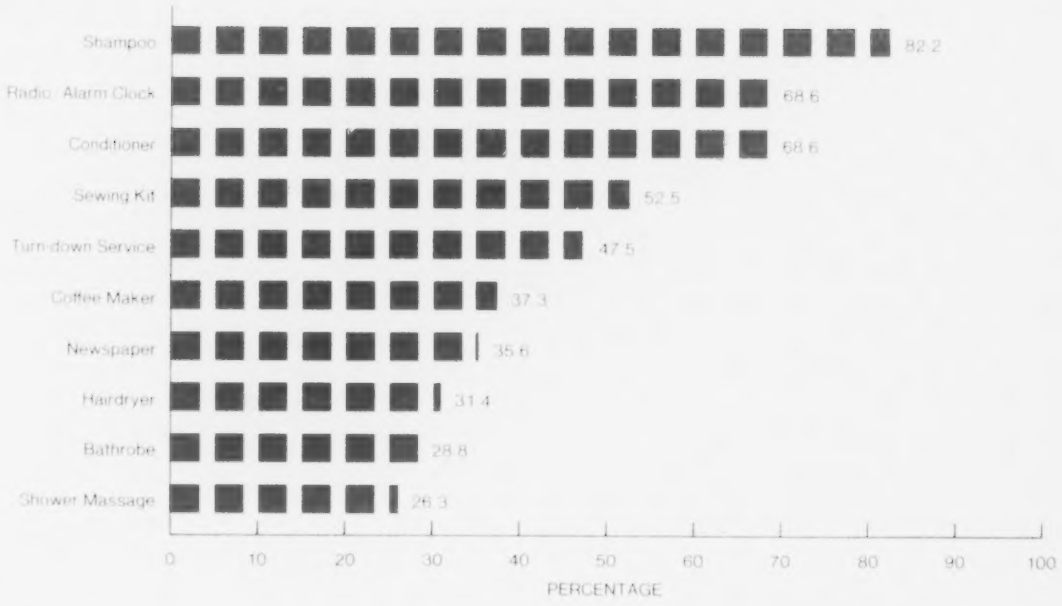


Chart 3


Free Parking
Personal Bathroom Amenities
Gift Shop
Audio Visual Equipment
Newsstand
Overnight Dry Cleaning
Game Room
Airport Transportation
Concierge Services
Golf
Health Club Facilities
Multilingual Staff
Retail Outlets
Auto Rental
Barber/Beauty Salon
Secretarial Service
24 Hour Doorman
Executive Floors
24 Hour Room Service
Travel Agent on Premises
94.3
77.9
77.0
72.1
67.2
56.6
54.1
53.3
50.8
50.0
46.7
45.9
45.9
38.5
32.8
27.9
19.7
16.4
12.3
6.7
0
10
20
30
40
50
60
70
80
90
100
PERCENTAGE

## Chart 4

*Guest Room Amenities*




## Chart 5

*Telecommunications*

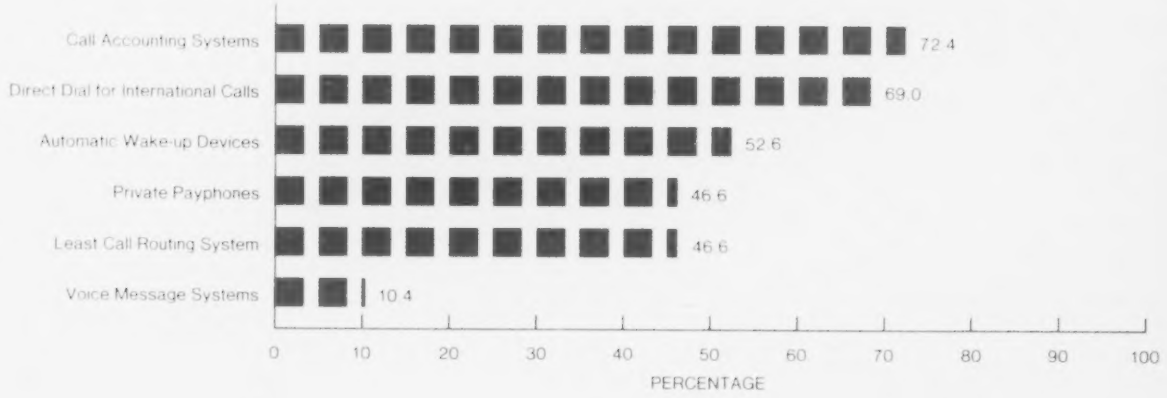
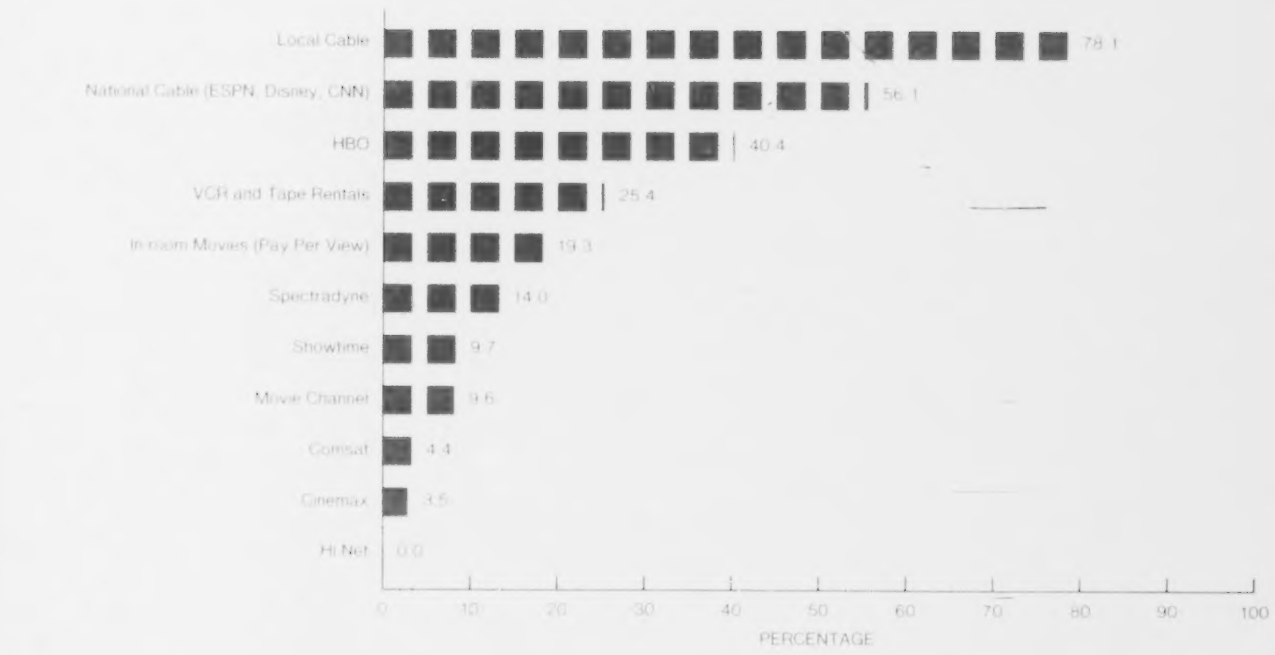


**Chart 6**
*In-Room Entertainment Systems*



# APPENDIX I: UNDERSTANDING MEDIANS

Throughout the year, the Research Division at Laventhol & Horwath receives many phone calls requesting explanations on various information contained in this study. "What is a median?" and "Why don't these amounts add to the total?" are probably the most frequently asked questions. Hopefully, this article will shed some light on these confusing issues.

A median is defined as the middle value of all amounts calculated for a specific line item. For example, if we received nine responses for the number of full time employees 8,4,2,6,9,7,5,10,3, these numbers would be arranged sequentially 1,2,3,4,5,6,7,8,9 and the middle value '5' would be the median, since 50 percent of the responses received are below the value and 50 percent are above.

In some exhibits, the responses are also broken into quartiles, or four equal parts, with the median still being the middle value. The lower quartile is the value that separates the lowest 25 percent of the responses from the rest of the sample when arranged sequentially, while the upper quartile defines the boundaries of the upper 25 percent of the responses from the lower 75 percent. Stated another way, 50 percent of all responses fall between the lower and upper quartiles. For example, if we receive 99 responses for a specific item and the responses (conveniently) were numbered 1 through 99, the median, or middle value, would be 50, the lower quartile would be 25 (25 percent of the responses would be below 25), and the upper quartile would be 75 (25 percent of the responses would be above 75). Fifty percent (or half) of the responses would fall between the lower and upper quartiles.

Now, an attempt will be made to answer the question "Why don't the amounts add to the totals?"

The most important thing to remember is that each line is analyzed separately! In the accompanying table when all amounts are arranged sequentially, the median total sales figure for hotel operations is equal to 100 percent. This figure is based on all the properties that comprise the population. The median ratio of food sales to food and beverage sales was 72.3 percent and the ratio of beverage sales to food and beverage sales was 28.1 percent. These two items were analyzed on samples of 425 and 365* hotels respectively. Different sample sizes indicate that it is very likely that the respective medians come from different hotels. This also holds true for lower and upper quartile figures.

*Occupancy was the highest for resorts with 300 rooms and over and for those with an average room rate in the range of $100 to $124.99*

One more fact to remember when comparing a hotel with those reported in this study is that it is not constructive to compare a whole column to your hotel's results (the median column, for example).

If your hotel has roughly the same total sales as the median reported, it may not be correct to follow through using median amounts for costs and expenses. Since each line is analyzed separately, one property may be close to the median in sales, but may have much higher or lower costs and expenses. There are certain factors such as type of hotel, menu-theme and location that may predetermine the costs and expenses and will automatically make a figure higher or lower than the median.

The proper way to compare your hotel's results with those reported in this study is to first complete the worksheet provided in the back of this study. Then compare industry figures to your figures, line by line. Large variances may identify an area in an operation that requires closer analysis.

**The numbers used for sample sizes are representative and are not actual sample sizes.*

**Example 1**

*Restaurant Operations Ratios to Total Food and Beverage Sales*

| | All Establishments |
|---|---|
| Sales | |
| Food | 72.3% |
| Beverage | 28.1% |
| Total | 100.0% |

# PROPERTY ANALYSIS WORKSHEET

Periodic analysis of the financial performance of your lodging establishment may provide early warning signs of potential problems. Examination on a regular basis could reveal undesirable trends and provide the opportunity for corrective action. The worksheet below is designed to provide a quick analysis of key items to reveal problem areas.

Follow these simple instructions for completing the worksheet:

1. Enter your figures in the first column.
2. Select the appropriate medians for comparison from the tables or text.
3. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

| Amount Per Available Room | Your Figures | Medians From *Resort Lodging Industry* Report | | |
|---|---|---|---|---|
| Revenue | | | | |
| Rooms | $ | | | |
| Food | $ | | | |
| Beverage | $ | | | |
| Telephones | $ | | | |
| Rentals and Other Income | $ | | | |
| Minor-Operated Departments | $ | | | |
| Total | $ | | | |
| Payroll and Related Expenses | $ | | | |
| Rooms | $ | | | |
| Food and Beverage | $ | | | |
| Telephone | $ | | | |
| Rentals and Other Income | $ | | | |
| Departmental Expenses | $ | | | |
| Rooms | $ | | | |
| Food and Beverage | $ | | | |
| Telephone | $ | | | |
| Minor-Operated Departments | $ | | | |
| Total Departmental Expenses | $ | | | |
| Undistributed Operating Expenses (Excluding Payroll) Administrative and General | $ | | | |
| Marketing | $ | | | |
| Energy Costs | $ | | | |
| Property Operation and Maintenance | $ | | | |
| Total Undistributed Expenses | $ | | | |
| Income Before Management Fees and Fixed Charges | $ | | | |
| Management Fees | $ | | | |
| Income Before Fixed Charges | $ | | | |
| Fixed Charges | $ | | | |
| Rent | $ | | | |
| Property Taxes | $ | | | |
| Insurance | $ | | | |
| Interest | $ | | | |
| Depreciation | $ | | | |
| Total | $ | | | |
| Net Income Before Income Tax | $ | | | |

# EXPLANATION OF TERMS

### Administrative and general expenses

Payroll—Salaries of managing director, manager, executive assistant manager (not on floor duty); their secretaries and other clerks in managers' offices; accounting office; front office bookkeepers, billing clerks, cashiers, night auditors; credit department; receiving clerks; employment and personnel managers.

### Average daily rates

Room sales from all sources net of all allowances divided by the total number of rooms occupied during the period. Average daily rate (ADR) is also referred to as room sales per occupied room.

### Cash payroll

Entire cash payroll of hotel, including house laundry and print shop.

### Energy costs

Cost of electrical current, fuel, steam and water net of energy sales to stores and others.

### Income before fixed charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor-operated departments income, store rentals and other income, less all undistributed expenses.

### Income from minor-operated departments

Income from guest laundry, valet, cigar-newsstand, barber shop and other service departments operated by the hotel less merchandise costs, payroll and related expenses, and other expenses directly chargeable to any of these operations.

### Marketing

Payroll and related expenses for sales, advertising and publicity managers and their secretaries and clerks. Also, expenses such as printing, stationery, artwork, layouts, literature, house organ, postage, traveling expenses, entertaining, etc.; space in newspapers and magazines; broadcasting; billboards and car cards.

### Payroll and related expenses—rooms department

The salaries and wages of departmental personnel and management including overtime, holiday and vacation pay. Also included are employee benefits and payroll taxes such as Federal, state, social security and workmen's compensation.

### Payroll and related expenses—administrative and general

Salaries and wages for the resident manager or managing director, secretaries, reception clerks and bookkeepers.

### Management fees

Fees charged by a management organization for management service or supervision should be charged to the account.

### Property operation and maintenance

Payroll and related expenses for carpenters, upholsterers, carpet men, masons, electricians, machinists, locksmiths, elevator mechanics, painters, paperhangers and similar maintenance employees; the chief and assistant engineers; boilermen, firemen; ice pullers, incinerator men; storekeepers and clerks in engineer's office and stores. Also, expenses such as uniforms; cost of supplies and outside contracts for painting, repairing of furniture, springs, mattresses and pillows, floor coverings, curtains, draperies and scarves, shades, screens and awnings, electrical and mechanical equipment, elevators); building and other maintenance work, and all similar supplies; expenses associated with providing the hotel with heat, light, power and water.

### Rentals and other income

Rental income from stores, offices, clubs and other spaces not classified as concessions used for business purposes. Also includes revenue from concessions, income from vending machine operations, commissions (including pay stations) and interest earned.

### Restaurant

Cost (Food)—Cost of food sold before and after deduction of the cost of employees' meals.

Cost (Beverage)—Cost of beverages sold, after deduction of the cost of employees' beverages.

*Resort properties need to provide their guests with more amenities than standard hotels.*

Payroll—Stewards, chefs, cooks, waitresses and busboys, dishwashers, butchers, vegetable cleaners, bakers, pantry help, etc.; wine stewards and bartenders; stock clerks, storekeepers, cost clerks, checkers and cashiers.

Income, Departmental—Total restaurant sales and other restaurant income less total cost of food and beverages consumed, payroll and related expenses and other direct restaurant expenses.

Sales, Total Restaurant (Food and Beverage)—Gross sales of food and beverages less allowances. Cover charges and other miscellaneous restaurant income are not included.

### Rooms

Payroll—Assistant manager, front office clerks, not including bookkeepers, cashiers and billing clerks; housekeeper and assistants; linen room; maids; housemen; bellmen; elevator operators; floor clerks; doormen; house officers; security.

Income, Departmental—Room sales less rooms payroll and related expenses and other direct room expenses.

Sales—Total rent income from guest and nonbanquet public rooms less allowances, not including office rentals, etc.

### Sales, total

All sales and income less allowances and cover charges.

### Telephone

Income or Loss, Departmental—Telephone sales less cost of telephone service, telephone payroll and related expenses and other direct telephone expense.

Sales—Gross revenue from use of telephone facilities by guests less allowances. Includes service charges and pay station commissions.

Further explanation may be found in *Uniform System of Accounts for Hotels*.

# LEISURE TIME INDUSTRY CONTACTS

Laventhol & Horwath has, since its inception, provided sophisticated advisory services to all facets of the lodging industry. The Leisure Time Advisory Services practice is one of the largest of its kind in the country in terms of fee volume, professional staff, geographic diversification and service capability. L&H routinely serves as advisor to the nation's most prominent hotels, developers, financiers, syndicators and industrial corporations on methods used in developing, financing, managing, operating and marketing lodging properties.

*The following list contains the services that L&H provides to the lodging industry as well as the contact person.*

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